

Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of)	
)	
Lifeline and Link Up Reform and Modernization)	WC Docket No. 11-42
)	
Lifeline and Link Up)	WC Docket No. 03-109
)	
Federal-State Joint Board on Universal Service)	CC Docket No. 96-45
)	
Advancing Broadband Availability Through Digital Literacy Training)	WC Docket No. 12-23
)	

Reply Comments
On behalf of
Pennsylvania Association of Intermediate Units Network
Concerning Digital Literacy Training

The Pennsylvania Association of Intermediate Units Network (“PAIUnet”) is the governing body of the statewide telecommunications network that interconnects all 29 of the intermediate units in Pennsylvania. Through their own regional networks, intermediate units collectively interconnect to 534 schools (including public schools, nonpublic schools, vocational schools and charter schools). The combination of the regional networks and the state network enable all of these organizations to communicate digitally and share online resources with one another. The state network is used to provide hundreds of online courses to students and teachers, submit state and federal reports to the United States Department of Education and the Pennsylvania Department of Education; to conduct required assessment testing of students; and, conduct virtual statewide meetings.

The state network would not exist without annual E-rate funding, as it relies on E-rate resources to defray the telecommunications transmission costs of the network. The service is a gigabit Ethernet

Priority 1 telecommunications service, and the shared discount for its FY 2012 Form 471 application is 62% which amounts to requested funding of \$491,000. E-rate funding is not requested for any other Priority 1 services or for any Priority 2 services.

In addition to the local match of the 38% non-discounted share of telecommunications costs, the state network members incur administrative operating costs for billing and oversight of the network (coordination with the service provider) and to ensure that the interconnections are successfully configured and properly operating on the customer side of the network. E-rate funds accounts for 42% of the state network's operating budget. There is little question that the state network would not be sustainable in the absence of E-rate.

E-rate funding for the existing Priority 1 telecommunications transmission service, therefore, is essential for the continued availability of the state network. Before considering any changes to the E-rate program, it is vital that funding continue to be available for existing eligible services.

It is against this backdrop that PAIUnet reviewed with grave concern that the FCC has proposed to add digital literacy to the list of services that would be supported by universal service dollars at the very same time that the FY 2012 E-rate funding demand analysis shows that there will be barely enough funds available to fully fund all Priority 1 requests this year. The 20% jump in demand (and over 12% jump in Priority 1 demand) from FY 2011 to FY 2012 illustrates the far reaching success of E-rate. At the same time, this very success threatens the existence of the program because the demand far exceeds the available funding. Importantly the current demand is based on the existing eligible services and does not account for the increase that would inevitably occur should digital literacy training be added to the list of E-rate eligible services.

PAIUnet fully appreciates the FCC's laudable goal of disseminating instructional information to all citizens about digital literacy. Although we agree that digital literacy training is very important – so much so that it is a mission of the intermediate units – we do not believe that the FCC should

incorporate digital literacy funding into universal service support. It is tempting in the current budget climate of having to do more with less to embrace a new funding source for digital literacy training. But such a position would be shortsighted because it could threaten the continued availability of E-rate funds for existing services. Funding new services will simply reduce available funding for existing services because E-rate demand always exceeds available funding. Adding digital literacy to E-rate will *dilute*, not help achieve, the core purpose of E-rate to facilitate classroom and library access to advanced telecommunications and broadband Internet service.

Although the FCC mentioned that the funding for the digital literacy pilot would come from savings from a different universal service support mechanism, nevertheless there will still be a significant drain on E-rate resources by virtue of the FCC's recommendation that the new program be administered under E-rate -- which we oppose. If this is going to be a low income initiative, the program should be administrated by the organization that oversees the lifeline and link up programs. We do not support involving a new organization not currently administering universal service support because of the same reasons why Congress was concerned when three separate corporations were first set up to administer the various universal service support mechanisms. There will be duplication of effort and resources which will simply increase the administrative costs and reduce the amount of available funding for the existing programs such as E-rate.

While this program is proposed to be a time-limited program, there is no mention of where the funds will come from should it be continued past the first four years. Also, there is no consideration given of what happens if the anticipated savings from the Lifeline program that are proposed as the funding source do not materialize. Further, if the FCC concludes it has the authority to transfer funds from the Lifeline program to E-rate, these funds should be used to support existing services and not for new services such as digital literacy.

For all of these reasons, PAIUnet respectfully encourages the FCC to refrain from including digital literacy training as a supported service under the universal service mechanisms.

Respectfully submitted,

/s/ Lawrence J. O'Shea
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